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BIWEEKLY REPORT

**SINO-SOVIET BLOC
ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS**

EIC-WGR 1/92

17 August 1959

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

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These biweekly reports on "Sino-Soviet Bloc Economic Activities in Underdeveloped Areas" are prepared and issued by a Working Group of the Economic Intelligence Committee, including representatives of the Departments of State, the Army, the Navy, the Air Force, Commerce, and Agriculture; the International Cooperation Administration; the Office of the Secretary of Defense; and the Central Intelligence Agency. Their purpose is to provide up-to-date factual information on significant developments in the economic relations of Sino-Soviet Bloc countries with underdeveloped countries of the Free World. The EIC-R-14 series of reports, under the same title, provide periodic summaries and analytical interpretations of these developments.

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Summary of Events 31 July - 13 August 1959*

Two Iraqi delegations arrived in Moscow in August, one reportedly seeking an agreement whereby the Soviet government will build in Iraq an atomic reactor with a capacity of 2,000 kilowatts and will furnish Iraq with isotopes. The other delegation was to study Soviet medical equipment in operation and to purchase medical supplies. A special agreement for Soviet participation in the construction of Basra's first shipyard also has been signed, and a group of Soviet experts will arrive within a month to select a site and begin construction.

Two Skoryy-class destroyers reportedly arrived in Surabaya, Indonesia, in mid-July, and two submarines are expected shortly, also under the Bloc-Indonesian arms agreement.

Soviet technicians have arrived in Ceylon to select a site and to complete the design for a small steel mill to be built under the \$30 million Soviet credit to Ceylon. The mill, which is the largest Bloc project yet undertaken in Ceylon, reportedly will cost about \$20 million.

An East German commercial delegation visiting Brazil concluded a contract with the Brazilian government involving the exchange of approximately \$5 million of automotive machinery for an equal value of Brazilian agricultural products -- primarily coffee, although cacao and sugar probably will be involved.

The pro-Communist mayor of Limassol, who recently returned to Cyprus from a trip to Moscow and Peiping, stated to the press that the USSR and Communist China are prepared to give unconditional financial aid to the new Republic of Cyprus. Cypriots probably will use Communist offers as a bargaining point in aid negotiations with the West.

* An unclassified statistical supplement summarizing the economic activities of the Bloc in underdeveloped countries of the Free World as of 30 June 1959 is included in this issue.

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The first Thai shipment of rubber to the USSR since 1951 was made in July, when a Soviet ship loaded 400 tons of sheet rubber at Pattani in southern Thailand.

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